

House File 563

AN ACT

RELATING TO VEHICLE RECYCLERS, INCLUDING THE TRANSFER OF
MOTOR VEHICLES TO VEHICLE RECYCLERS AND COMPLIANCE WITH
THE NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM,
MAKING PENALTIES APPLICABLE, AND INCLUDING EFFECTIVE DATE
PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321.45, subsection 2, paragraph a, Code 2015, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (5) The vehicle is disposed of pursuant to section 321.52, subsection 2, paragraph "b".

Sec. 2. Section 321.46, subsection 1, Code 2015, is amended to read as follows:

1. The transferee shall, within thirty calendar days after purchase or transfer, apply for and obtain from the county treasurer of the person's residence, or if a nonresident, the county treasurer of the county where the primary users of the vehicle are located or the county where all other vehicles owned by the nonresident are registered, or in the case of a mobile home or manufactured home, the county treasurer of the county where the mobile home or manufactured home is located, or if a firm, association, or corporation with vehicles in multiple counties, the transferee may apply for and obtain from the county treasurer of the county where the primary user of the vehicle is located, a new registration and a new certificate of title for the vehicle except as provided in section 321.25, 321.48, or 322G.12, or when the transferee obtains the vehicle pursuant to section 321.52, subsection 2, paragraph "b". The transferee shall present with the application the certificate of title endorsed and assigned by the previous owner and shall indicate the name of the county in which the vehicle was last registered and the registration expiration date.

Sec. 3. Section 321.52, subsection 2, Code 2015, is amended to read as follows:

2. a. The purchaser or transferee of a motor vehicle subject to registration for which a certificate of title is issued which is sold for scrap or junk shall surrender the certificate of title, properly endorsed and signed by the previous owner, to the county treasurer of the county of residence of the transferee, and shall apply for a junking certificate from the county treasurer, within thirty days after assignment of the certificate of title, except when the vehicle is disposed of pursuant to paragraph "b". The county treasurer shall issue to such person without fee a junking certificate. A junking certificate shall authorize the holder to possess, transport, or transfer by endorsement the ownership of the junked vehicle. A certificate of title shall not again be issued for the vehicle subsequent to the issuance of a junking certificate except as provided in subsection 3. The county treasurer shall cancel the record of the vehicle. The junking certificate shall be printed on the registration receipt form and shall be imprinted with the words "junking certificate", as prescribed by the department. A space for transfer by endorsement shall be on the junking certificate. A separate form for the notation of the transfer of component parts shall

be attached to the junking certificate when the certificate is issued.

b. The owner of a motor vehicle subject to registration that does not have a certificate of title or a junking certificate may dispose of the vehicle to a vehicle recycler licensed under chapter 321H for scrap or junk if the vehicle is twelve model years old or older and is acquired by the vehicle recycler for reasonable consideration equaling less than one thousand dollars.

Sec. 4. Section 321.52, subsection 3, paragraph a, Code 2015, is amended to read as follows:

a. When a vehicle for which a certificate of title is issued is junked or dismantled by the owner, the owner shall detach the registration plates and surrender the plates to the county treasurer, unless the plates are properly assigned to another vehicle. The owner shall also surrender the certificate of title to the county treasurer except when the vehicle is disposed of pursuant to subsection 2, paragraph "b".

Sec. 5. Section 321.67, Code 2015, is amended to read as follows:

321.67 Certificate of title must be executed.

1. No person, except as provided in sections 321.23 and 321.45, and section 321.52, subsection 2, paragraph "b", shall sell or otherwise dispose of a registered vehicle or a vehicle subject to registration without delivering to the purchaser or transferee thereof a certificate of title with such assignment thereon as may be necessary to show title in the purchaser.

2. No person shall purchase or otherwise acquire or bring into this state a registered vehicle or a vehicle subject to registration without obtaining a certificate of title thereto except for temporary use or as provided in sections 321.23 and 321.45, and section 321.52, subsection 2, paragraph "b".

Sec. 6. Section 321.104, subsection 4, Code 2015, is amended to read as follows:

4. To sell, offer for sale, or transfer a motor vehicle, trailer, or semitrailer, except as provided in section 321.47 or 321.48, or section 321.52, subsection 2, paragraph "b", without obtaining a certificate of title in the name of the seller or transferor or without delivering to the purchaser or transferee a certificate of title or a manufacturer's or importer's certificate duly assigned to the purchaser or transferee as provided in this chapter.

Sec. 7. Section 321H.2, Code 2015, is amended by adding the

following new subsection:

NEW SUBSECTION. 3A. "*National motor vehicle title information system*" means the federally mandated motor vehicle title history database maintained by the United States department of justice that links the states' motor vehicle title records, including the department's title records, and that requires the reporting of junk and salvage motor vehicles in order to ensure that states, law enforcement agencies, insurers, and consumers have access to information that enables the verification of a vehicle's history, and the accuracy and legality of a motor vehicle's title, before a purchase or title transfer occurs.

Sec. 8. Section 321H.4, subsection 2, paragraph a, Code 2015, is amended to read as follows:

a. Application for a license as an authorized vehicle recycler shall be made to the department on forms provided by the department. The application shall be accompanied by a fee of seventy dollars for a two-year period or part thereof and proof of registration with the national motor vehicle title information system. The license shall be approved or disapproved within thirty days after application for the license. A license expires on December 31 of even-numbered years. A licensee shall have the month of expiration and the month after the month of expiration to renew the license. A person who fails to renew a license by the end of this time period and desires to hold a license shall file a new license application and pay the required fee. A separate license shall be obtained for each county in which an applicant conducts operations.

Sec. 9. NEW SECTION. 321H.4A **National motor vehicle title information system.**

1. A vehicle recycler licensed under this chapter and subject to the requirements of 28 C.F.R. §25.56 shall register with the national motor vehicle title information system.

2. a. Except as provided in paragraph "b", for any vehicle subject to registration under chapter 321 purchased by a vehicle recycler licensed under this chapter and subject to the requirements of 28 C.F.R. §25.56, the vehicle recycler shall comply with the reporting requirements of 28 C.F.R. §25.56 within two business days of purchasing the vehicle. Records of the vehicle recycler's compliance shall be kept by the vehicle recycler for at least three years after the purchase of the vehicle, and shall be open for inspection by any peace officer

during normal business hours. The department shall adopt rules to implement this section, including but not limited to rules requiring the submission and retention of records not required by 28 C.F.R. §25.56.

b. Paragraph "a" does not apply to a vehicle that has been crushed or flattened by mechanical means in such a way that it no longer resembles the vehicle described by the certificate of title if the vehicle recycler who purchased the vehicle verifies that the seller of the vehicle has met the requirements of paragraph "a". The department shall adopt rules relating to the form of the verification, and the manner in which the verification shall be retained.

Sec. 10. Section 321H.5, Code 2015, is amended to read as follows:

321H.5 Display of license.

A license issued under the provisions of this chapter shall specify the location of the principal place of business, the location of each extension within the county of the principal place of business, and for licenses issued on or after January 1, 2016, the licensee's registration number for the national motor vehicle title information system. The license shall be conspicuously displayed at the principal place of business except during periods when the license is surrendered for modifications.

Sec. 11. Section 321H.6, unnumbered paragraph 1, Code 2015, is amended to read as follows:

The license of a person issued under the provisions of this chapter may be denied, revoked, or suspended, and an application for a license under this chapter may be denied, if the department finds any of the following:

Sec. 12. Section 321H.6, Code 2015, is amended by adding the following new subsection:

NEW SUBSECTION. 7. The licensee has failed to comply with section 321H.4A or 28 C.F.R. §25.56.

Sec. 13. Section 321H.8, subsection 1, Code 2015, is amended to read as follows:

1. a. Except as provided in paragraph "b", a person convicted of violating a provision of this chapter is guilty of a serious misdemeanor.

b. A person convicted of violating section 321H.4A is guilty of a simple misdemeanor punishable by a fine of not less than two hundred fifty dollars nor more than one thousand five hundred dollars or by imprisonment not to exceed thirty days.

Sec. 14. EFFECTIVE DATE. This Act takes effect January 1, 2016.

KRAIG PAULSEN
Speaker of the House

PAM JOCHUM
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 563, Eighty-sixth General Assembly.

CARMINE BOAL
Chief Clerk of the House

Approved _____, 2015

TERRY E. BRANSTAD
Governor